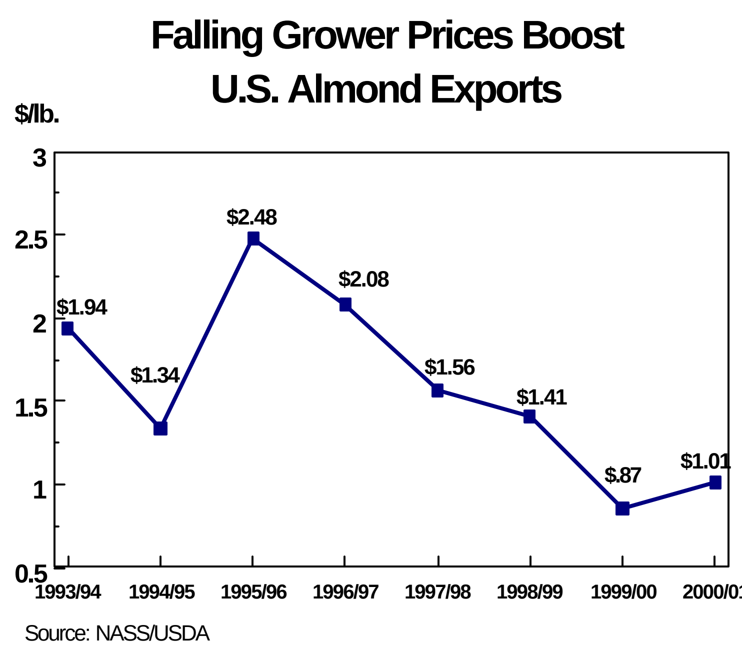
Almond Situation and Outlook

In 2001/02, increased output in the United States, the world's largest producer, as well as several other smaller producers around the globe will increase world almond supplies 11 percent from last year. As a result, U.S. almond grower prices are expected to decline from the 2000/01 level of $1.01 per pound (based on the edible portion of the crop). Between 1996/97 and 2000/01, U.S. almond grower prices have declined by 51 percent. However, low almond prices encourage consumption and have in the past boosted U.S. exports to record levels. Lower world prices for almonds and an expected strong overseas demand should contribute to continued high levels of exports in 2001/02 and beyond.

United States

U.S. almond production in 2001/02 is forecast at a record 396,893 metric tons, a 19-percent increase from the previous year. This increase in output is based on 212,461 bearing hectares, a 5-percent increase from 2000/2001. Total U.S. almond supplies in 2001/02 are forecast at 445,643 tons, up 11 percent from the previous season, due to a large increase in production.

With the cyclical nature of almonds, the 2001 season began with growers expecting a much heavier set than last year. Yields were expected to return to 1999's level. However, weather conditions have been less than ideal, resulting in reduced expectations for the 2001 crop. Low temperatures and rain during the critical bloom period decreased the ability of bees to successfully pollinate many orchards across the producing areas of California. Also, high winds blew over some trees, particularly in older orchards. Despite the poor weather conditions, yields are expected to be up 19 percent from last year, but 4 percent below the record set in 1999.



Almond growers welcomed a break from the previous 5-year slump in prices, as grower prices rose 17 percent from the 1999/2000 level to $1.01/lb. in 2000/01. Unfortunately, grower prices are expected to decrease during 2001/02, due to higher U.S. output and supplies. Approximately 75 percent of the world's almonds are produced by the United States.

In 2001/02, U.S. almond exports are forecast at 238,211 tons, up 2 percent from the previous year. Low almond prices are expected to spur exports. In 2000/01, shelled almonds, including prepared and preserved, accounted for 91 percent of total U.S. almond exports. Major buyers of U.S. shelled almonds were the European Union (primarily Germany, Spain, and the Netherlands), accounting for 53 percent, and Asia (primarily, India, Japan, and China) purchasing 29 percent. Asia is the most significant importer of in-shell almonds, purchasing nearly 79 percent of U.S. in-shell exports in 2000/01.

With support from the Market Access Program, the U.S. almond industry continues to dominate the export market. China was a success story this year, with sales up 44 percent from last year. China is now the fourth largest market for U.S. almonds, following Germany, Spain, and India. Expanding consumption is critical in selling the large U.S. crop, so marketing campaigns are focused on the message that almonds are a healthy way to snack.

Spain

Spain's 2001/02 almond production is forecast at 68,000 tons, a 24-percent increase from the previous season, due to favorable weather conditions in most growing areas. Production in several areas, however, will be smaller than normal since drought and frost led to poor blossoming and reduced yields. According to a recent survey, there were 794,000 bearing hectares, of which less than 6 percent were irrigated. Consequently, rainfall during the fall is crucial to almond productivity. Exports in 2001/02 are forecast at 48,000 tons, only a slight increase from last year, due to the larger crop. Other EU countries (Germany, France, and Italy) are the major destinations, representing about 93 percent of Spain's export markets. Almond imports in 2001/02 are forecast to increase slightly. The United States continues to be the dominant foreign supplier of almonds to Spain, increasing its market share to 97 percent of total imports for 2000/01. Due to their uniformity and low breakage, U.S. almonds are generally preferred by almond processors to produce food ingredients. Once processed, about 50 percent of U.S. almonds are exported to other EU countries.

While there is no price support program for tree nuts, the EU does have an improvement plan that is implemented in both Spain's almond and hazelnut sectors. Up to 475 ECU/hectare can be provided to growers to plant improved, higher-yielding varieties. While this program was expected to end this year, Spanish nut growers effectively voiced their opposition to its demise and secured a one-year extension. The government of Spain and industry continue to seek an extension of the program until the implementation of the new fruit and vegetable regime, which is scheduled, in principle, to take place in 2003. Given competition from U.S. product, Spanish almond growers consider this program vital to their future competitiveness and are expected to oppose the most

recent EU proposal for reform of the fruit and vegetable regime, which calls for a significant cut in subsidies.

Italy

Almond production for 2001/02 is forecast at 20,000 tons (shelled basis), double the poor crop harvested last year. Weather conditions remained very favorable during the whole season and trees are expected to produce at almost their current maximum capacity. Furthermore, some observers tie the production increase to the cyclical crop fluctuation, which is more pronounced in Italy's ageing almond trees. Domestic almond prices have followed the world market trend for 2000/01 year, averaging 6 percent more than the previous year. After high levels reported during September 2000-January 2001, prices declined significantly and are now reported at levels close to one year ago. However, relatively cheap almond prices are still favoring domestic consumption, and in some cases are causing substitution for other, more expensive nuts. Imported nuts are mostly consumed in northern Italy, while local almonds are more popular in the south, where Italian production is concentrated. Over the past four years, imports have grown in response to both decreasing domestic production and expanding consumption, fluctuating only in response to the domestic crop volume. Price competitiveness between the United States and Spain, Italy's two main almond sources, will remain key in determining which country gains a larger share of the Italian market.

Greece

Greek almond production in 2000/01 totaled 15,500 tons, compared to 17,000 tons in 1999 (shelled basis) due to unfavorable weather conditions in early June (hail storms in the area of Magnisia of eastern Thessaly) as well as the loss of some orchards from forest fires. The quality of the crops in 1999, 2000, as well as the anticipated 2001 harvest, continue to be very good to excellent. Due to the cyclical nature of tree yields and stable tree numbers, the outlook for almond production over the next 3 to 5 years is estimated to average about 16,000 tons/annum (shelled basis), provided that weather conditions are favorable. The output for 2001 is currently estimated to reach 17,200 tons, the highest level recorded in the past 5 years. The shell/in-shell ratio for Greek almonds (weighted average) is 28 percent.

Despite grower complaints that high input costs and cheap imports make domestic production unprofitable, traders considered 2000/01 grower prices satisfactory. Greece has the highest per capita consumption of nuts in the world and produces mainly to meet domestic demand and the growing tourism industry. Almond consumption represents about 25 percent of total domestic nut consumption which is estimated at 60,000 tons. Almond exports consist only of excess nuts, which go primarily to other EU countries.

Turkey

Almonds are a minor nut crop in Turkey. Almonds grow naturally in Turkey, but were not cultivated as a commercial crop until recently. In 2000/01, almond production in Turkey is forecast at 15,000 tons, down slightly from the previous year. Consumption has been growing slowly, due to the abundant availability of the preferred hazelnuts. Almost all increases in aggregate consumption are the result of increased population, rather than increased per capita consumption. Almonds are generally consumed whole as a snack food, with limited amounts utilized in confectionary products. Trade is mainly restricted to border exchanges with neighboring countries.

The FAS Attaché Report search engine contains detailed reports on Tree Nut Competition or Market Intelligence for 16 countries, including Spain, Italy, Greece, and Turkey. (For information on production and trade, contact Erik Hansen at 202-720-0875. For information on marketing contact Ingrid Mohn at 202-720-5330. Also, visit the tree nuts web page at: http://www.fas.usda.gov/htp/horticulture/nuts.html)

ALMONDS: PRODUCTION, SUPPLY, AND DISTRIBUTION IN SELECTED COUNTRIES

Country/ Marketing Year 1/	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
			Metric tons, shelled basis				
Greece							
1998/99	4,523	12,000	2,400	18,923	800	14,500	3,623
1999/00	3,623	17,000	2,000	22,623	2,800	14,700	5,123
2000/01	5,123	15,500	2,500	23,123	1,000	16,000	6,123
2001/02	6,123	17,200	2,000	25,323	2,800	16,500	6,023
2002/03 F	6,023	16,000	2,000	24,023	2,600	16,500	4,923
Italy							
1998/99	2,000	9,000	13,781	24,781	1,188	22,593	1,000
1999/00	1,000	17,000	16,400	34,400	2,000	30,400	2,000
2000/01	2,000	10,000	16,000	28,000	2,200	24,800	1,000
2001/02	1,000	20,000	12,000	33,000	3,000	28,000	2,000
2002/03 F	2,000	15,000	15,000	32,000	2,000	28,000	2,000
Spain							
1998/99	14,000	30,000	26,300	70,300	40,700	29,600	0
1999/00	0	66,000	34,000	100,000	43,000	52,000	5,000
2000/01	5,000	53,000	31,000	89,000	47,000	41,500	500
2001/02	500	68,000	32,000	100,500	48,000	50,000	2,500
2002/03 F	2,500	62,000	32,000	96,500	45,000	50,000	1,500
Turkey							
1998/99	1,000	12,000	2,000	15,000	200	13,800	1,000
1999/00	1,000	14,000	2,000	17,000	200	14,800	2,000
2000/01	2,000	15,500	2,500	20,000	500	16,500	3,000
2001/02	3,000	15,000	2,000	20,000	500	17,000	2,500
2002/03 F	2,500	15,000	2,000	19,500	500	17,000	2,000
United States 2/ 3/ 4/ 5/							
1998/99	78,017	235,868	86	313,971	183,917	88,414	41,640
1999/00	41,640	377,842	104	419,586	228,169	110,832	79,243
2000/01	79,222	323,411	75	402,708	233,561	111,474	31,343
2001/02 F	48,670	396,893	80	445,643	238,211	121,541	85,891
2002/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total							
1998/99	99,540	298,868	44,567	442,975	226,805	168,907	47,263
1999/00	47,263	491,842	54,504	593,609	276,169	222,732	93,366
2000/01	93,345	417,411	52,075	562,831	284,261	210,274	41,966
2001/02	59,293	517,093	48,080	624,466	292,511	233,041	98,914
2002/03 F	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1/ Marketing Years: August-July for the United States; September-August for Spain, Italy, Turkey; October-September for Greece.

2/ U.S. import data are from Bureau of the Census with input from the Almond Board of California (ABC). Import forecast originates with the Foreign Agricultural Service (FAS)/USDA.

3/ The U.S. domestic shelling ratios for imports for 1998/99, 1999/00, 2000/01, and 2001/02 are .554, .62, .60, and .591 respectively and originate with the National Agricultural Statistics Service (NASS)/USDA.

4/ U.S. export and stock data for 1998/99, 1999/2000, 2000/01 come from the ABC; 2001/2002 export forecast based on preliminary data from the ABC; 2001/2002 stock estimate from ABC.

5/ U.S. production forecast for 2001/2002 by the National Agricultural Statistics Service (NASS).

F=Forecast.

SOURCES: USDA's Foreign Agricultural Service (FAS) Attaché Reports, Bureau of Census, ABC, and USDA/NASS.

U.S. Exports of Almonds to Principal Markets 1/
Marketing Years 1996/97 - 2000/01

Destination	1996/97	1997/98	1998/99	1999/2000	2000/01
Metric Tons: Shelled, In-Shell, and Prepared/Preserved Basis					
Australia	2,331	1,877	1,381	1,014	538
Canada	7,778	9,328	9,780	11,248	11,200
China/Hong Kong	3,088	3,342	3,638	10,311	14,884
European Union	113,646	124,170	117,060	115,720	133,766
Other Europe	5,477	5,179	4,807	4,092	2,913
Japan	18,759	22,485	16,505	18,917	20,988
India	9,433	20,017	14,665	22,208	26,543
Israel	2,295	2,955	2,463	2,888	2,785
Lebanon	872	1,538	1,174	936	1,424
Mexico	3,747	4,500	5,780	7,494	5,846
Saudi Arabia	1,044	2,350	2,055	2,138	3,277
South Korea	3,521	2,633	2,666	3,154	4,885
Taiwan	2,390	2,844	1,965	2,192	3,558
United Arab Emirates	2,781	4,693	4,504	5,016	10,082
All Other Countries	6,657	11,091	8,471	7,855	12,013
Grand Total MT	**183,819**	**219,002**	**196,914**	**215,183**	**254,702**

1/ Marketing years, August - July. Note: All data from the U.S. Census Bureau

U.S. Imports of Almonds
Calendar Years 1996 - 2000

Origin	1996	1997	1998	1999	2000
Metric Tons: Shelled, In-Shell, and Prepared/Preserved Basis					
Denmark	2	0	0	11	60
China/Hong Kong	38	21	42	38	37
Canada	7	17	25	1	21
Italy	2	4	2	3	13
Turkey	0	0	0	0	11
Germany	0	0	0	0	8
Spain	0	5	3	3	4
France	8	1	3	6	2
Portugal	3	3	0	0	2
Switzerland	2	0	2	3	2
All Other Countries	2	23	6	10	2
Grand Total MT	**64**	**74**	**83**	**75**	**162**

1/ Calendar Year 1996-2000. Note: All data from the U.S. Census Bureau